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SUBJECT: CHEVRONTEXACO'S OUTLOOK ON COLOMBIA

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1. (SBU) Summary. On December 22, Ambassador Wood met with ChevronTexaco's Chairman of the Board, David O'Reilly, and other ChevronTexaco executives to discuss oil and gas related issues in Colombia. O'Reilly was pleased with the relationship between Colombia and ChevronTexaco, and said his company is interested in future gas projects, but concerned about the level of energy sector expertise in the Uribe Administration. End Summary.

2. (SBU) ChevronTexaco's Chairman met with Ambassador Wood after earlier meetings with President Uribe and the Minister of Mines and Energy, Luis Ernesto Mejia. O'Reilly stated that President Uribe was very enthusiastic about ChevronTexaco's current investment in Guajira and asked if more investment was coming. O'Reilly responded that the investment process takes time, but that ChevronTexaco was interested in exporting gas to both Venezuela and Panama from its fields in the north of Colombia in the near term. Per O'Reilly, Venezuela eventually would like to export gas to Asian markets via a pipeline to the Pacific. ChevronTexaco's president for Latin America, Ali Moshiri, stated that the Colombia-Venezuela gas project is simple in concept (200km onshore pipeline from Guajira, Colombia to Maracaibo, Venezuela). Uribe and Chavez agreed at a political level to a gas pipeline project, but Venezuela has since requested more surveys and it was not clear that either leader had specifics in mind when they agreed to the project. ChevronTexaco is also interested in a possible offshore gas pipeline to Panama.

3. (U) O'Reilly commented that the investment climate has dramatically improved, noting that under Uribe contract negotiations took less than three months as opposed to three years under other administrations. Ambassador Wood added that the pro-business Uribe Administration has provided a predictable business environment in Colombia via reforms, especially in the hydrocarbon sector.

4. (SBU) O'Reilly relayed his concern regarding oil and gas expertise in Uribe's Administration. He cited the GOC's willingness to explore and expand the hydrocarbon industry, but noted their lack of understanding of the technicalities. Ambassador Wood relayed President Bush's commitment to President Uribe to send an energy trade mission to Colombia.

5. (SBU) ChevronTexaco's chairman ended by saying there are many opportunities in Colombia, but the GOC needs in depth and objective technical advice regarding Colombia's future in the hydrocarbon sector.

WOOD